

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Summary Suspension of the)	
License to Conduct Gambling Activities of :)	NO. CR 2014-02028
)	
)	
Junji Xia)	FINDINGS OF FACT,
Seattle, Washington,)	CONCLUSIONS OF LAW,
)	AND ORDER OF SUMMARY
Licensee.)	SUSPENSION OF LICENSE
)	

RCW 9.46.070(17) authorizes the Washington State Gambling Commission (Commission) to summarily suspend¹ a license, subject to final action by the Commission. The Director has reviewed this Order of Summary Suspension and has issued it for service.

This order takes effect when served on the licensee, representative, or agent. A Commission Special Agent shall seize Junji Xia's license and the licensee must stop conducting gambling activities.

FINDINGS OF FACT

I.

David Trujillo is Director of the Washington State Gambling Commission and issues this order. Jurisdiction of this proceeding is based on chapter 9.46 RCW, Gambling, chapter 34.05 RCW, the Administrative Procedure Act, and Title 230 WAC.

II.

The Washington State Gambling Commission issued Junji Xia license number 68-23564, authorizing Card Room Employee activity, formerly with Macau Casino in Lakewood. Mr. Xia is now working for Roman Casino of Seattle.

The Commission issued this license, which expires on April 12, 2015, subject to the licensee's compliance with state gambling laws and Commission rules.

¹ WAC 230-17-165 defines summary suspension as immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

III.

After a thorough review of the report by a Commission Special Agent about the facts in this matter, the Director accepts the report as true and has determined that the summary suspension is necessary.

IV.

SUMMARY:

On July 27, 2014, while on duty, Shift Manager Junji Xia of the Macau Casino sorted a deck of cards and placed the stacked deck in a card shoe. Mr. Xia played with the stacked deck causing the casino a \$14,653.73 loss.

FACTS:

1) On July 29, 2014, a Washington State Gambling Commission Special Agent (agent) received a complaint from Chief Operating Officer John McNutt of Casino Caribbean, owner of Macau Casino. He reported noticing a baccarat table had lost money. Mr. McNutt reviewed the surveillance and saw Mr. Xia place an entire shoe of cards into the output of an automatic shuffler in such a way that it appeared to have been shuffled, although it had not, and the machine had a green light. Mr. Xia started playing when the table opened.²

2) On July 30, 2014, the agent visited the Macau Casino to meet with Mr. McNutt and while there reviewed the surveillance.

3) On August 5, 2014, the agent went to Macau Casino and met with human resources employee Michelle Rochard. She provided the termination paperwork for Mr. Xia. The termination paperwork included a statement from the General Manager that, "Junji Xia was the shift manager on duty and arranged 8 decks of cards in a way in which he could remember so he could guarantee the outcome of multiple wagers." He went on to later state, "The casino lost approximately \$15,900 as a result of Junji cheating." Paperwork in the file indicated Mr. Xia's termination as a result of Mr. Xia's conduct.

\\

\\

² Typically, "mini-baccarat" or "baccarat" are played with eight decks of cards in a shoe. From these cards, the dealer deals two hands: a player hand and a banker hand. Three betting options exist for each of the betting spots at the table. The betting options are player, banker, or tie. Each of the three options represents the possible outcome of the hands. Players may wager on any one of the options or a combination prior to the deal. The highest possible total of any hand is 9 and the lowest is 0. The hand, player or banker, closest to 9 wins. The Macau Casino has a game called Dragon Bonus, which includes an additional bonus wager.

4) The agent reviewed the surveillance for July 27, 2014 and observed the following:

- At approximately 9:15 a.m., Mr. Xia began to pull some cards out of one bin and started to sort cards into different stacks on the podium. For about the next ten minutes Xia stacked the cards in an unusual manner.
- At approximately 9:35 a.m. Mr. Xia opened an automatic card shuffle machine at a table and inserted the stacked deck into the output side of the shuffle machine, where a dealer would expect to find shuffled cards; however, the stacked deck was not shuffled before or after Mr. Xia placed the deck in the shuffle machine.
- At approximately 10:26 a.m., Mr. Xia sat down at Spot 5 of the table where he had placed the stacked deck and bought in for \$200, starting with the ninth hand of the stacked deck. He played approximately 15 hands, never betting more than two betting spots and won seven of the fifteen hands for a total of \$2,435.
- At approximately 10:49 a.m., two aces (spades) were played in a row.
- At approximately 10:50 a.m., Mr. Xia exhibited a distinct change in betting behavior. Mr. Xia played ten hands (thirty-six bets) with as many as five betting spots and won eight of the ten hands. On those thirty-six bets, he won \$9,385.
- For those two hands he lost, Mr. Xia dropped down to two betting spots with no more than \$100.00 bet per spot. Each hand occurred when the winning hand was expected to switch between Player and Banker.
- At approximately 11:08 a.m., Mr. Xia's betting behavior again changed. For these last sixteen hands (twenty-six bets) played, Mr. Xia never bet on more than three betting spots and only won on five of the sixteen hands. On those twenty bets, he won \$2,833.

5) On October 9, 2014, the agent interviewed Mr. Xia. The agent asked if there was ever any reason to put cards into the output side of the shuffler. He said, "No." The agent asked him why the Macau Casino fired him. He said he came into work and the manager called him in and advised Mr. Xia that he [Mr. Xia] had arranged the cards on the baccarat table and was cheating. He said he was fired for that.

6) The agent told Mr. Xia that casino staff had informed the agent that Mr. Xia was stacking cards. Mr. Xia said I "cannot remember what I did." He said he was managing his pit while sorting the cards. The agent told Mr. Xia the casino saw him on camera put that exact shoe into the output on a closed table. He then later played on that table with the same shoe of cards. Mr. Xia said he understands why the agent says it looks bad. The agent explained that the shuffle machine randomizes the cards. By defeating the shuffler, Mr. Xia put a stacked deck into play.

7) On October 10, 2014, the agent went to Macau Casino and met with Mr. Higgins to test the automatic shuffler machine. The agent ran two tests, both demonstrating an individual could place previously stacked cards into the machine and it would appear that they had been shuffled and ready to play, even if the previous shuffle resulted in an error.

8) The Macau Casino determined that all payouts to Mr. Xia in the shoe would be considered theft in the amount of \$15,900. Based on the surveillance, the agent determined Mr. Xia took winnings of about \$14,653.75 during the entire shoe.

9) On January 5, 2015, licensing records showed Mr. Xia as employed by the Roman Casino in Seattle.

10) The matter was referred to the Pierce County Prosecutor.

CONCLUSIONS OF LAW

I.

1) **RCW 9.46.070** provides that the Commission shall have the following powers and duties: The Commission may authorize the Director to temporarily suspend licenses subject to final action by the Commission.

2) **WAC 230-17-165(2)** provides that the Commission delegates its authority to the Director to summarily suspend any license if the Director determines that a licensee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

3) **WAC 230-17-165(3)** The Commission deems the following actions of a certified employee constitute an immediate danger to the public safety and welfare:
(The following subsections apply.)

(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules adopted by the Commission;

4) **RCW 9.46.075 Denial, suspension, or revocation of license, application, or permit**
The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein:
(The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(8) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this chapter;

(10) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain;

5) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, certified employee, or anyone holding a substantial interest in the applicant's or certified employee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities.

6) RCW 9.46.153(1) Applicants and licensees - responsibilities and duties

It shall be the affirmative responsibility of each applicant and licensee to establish by clear and convincing evidence the necessary qualifications for licensure of each person required to be qualified under this chapter, as well as the qualifications of the facility in which the licensed activity will be conducted.

On July 27, 2014, Shift Manager, Junji Xia, of the Macau Casino in Lakewood stacked a red shoe of cards while at the supervisor's podium in the gaming pit. Mr. Xia put the stacked shoe of cards into the output side of the shuffle machine on a mini-baccarat table. Mr. Xia later played at this table with the stacked deck of cards to give himself an advantage in the game. As a result, the casino lost approximately \$14,653.73. The licensee's actions constitute an immediate danger to public safety and welfare based on WAC 230-17-165(3)(a), and are a basis for Mr. Junji Xia to immediately stop conducting gambling activities.

Mr. Xia's behavior also poses a threat to the effective regulation of gaming, or increases the likelihood of unfair or illegal practices. WAC 230-03-085(8). By defeating the automatic shuffle machine, the licensee has eliminated chance in the dealing of cards making it an unfair game.

By using a stacked deck at a loss to his employer, Mr. Xia pursued economic gain in an occupational manner. As a result, there are grounds to revoke his license based on RCW 9.46.075(1), (8), and (10), and WAC 230-03-085(1) and (8).

Junji Xia has failed to establish clearly and convincingly his qualifications for a license as is his responsibility, in violation of RCW 9.46.153(1).

RCW 9.46.075(8) provides the Commission may revoke any license when a licensee fails to prove, by clear and convincing evidence, that he is qualified in accordance with the provisions of this chapter.

ORDER

Based on the FINDINGS OF FACT AND CONCLUSIONS OF LAW and the Director's authority under RCW 34.05.422, RCW 9.46.070(17), and WAC 230-17-165, the Director orders that Junji Xia's license is summarily suspended, pending a formal hearing by an Administrative Law Judge.

STATEMENT OF RIGHTS

(1) **You may ask for a stay of this Order.** To do so, you must complete and return to the Commission the enclosed Application for Stay Hearing form within fifteen (15) days from the date you receive this Order. If the Commission receives a timely request, we will hold a hearing within seven (7) days as required by WAC 230-17-170(3). The stay hearing will determine if your suspension should continue, or whether the suspension may be modified. At the stay hearing, you will have to prove by clear and convincing evidence that:

- (a) You will likely win at hearing; and
- (b) If your suspension continues, you will suffer serious injury. Under this section, loss of income from licensed activities is not considered serious injury; and
- (c) Removing the immediate suspension will not hurt others in this case; and
- (d) The threat to the public safety or welfare does not justify continuing the suspension, or that modifying the suspension will adequately protect the public.

(2) **You also have a right to a hearing on the revocation of your license.** To do so, you must complete and return to the Commission the enclosed Application for Hearing form within twenty (20) days from the date you receive this order. If you do NOT request a hearing, we will enter an Order of Default revoking your license under RCW 34.05.440.

If you have any questions regarding the rights stated above, please contact Jennifer Stretch, Paralegal, at (360) 486-3465 or 1-800-345-2529, extension 3465.

III.

I have read this Findings of Fact, Conclusions of Law, and Order of Summary Suspension of License, know the contents of it, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.


DAVID TRUJILLO, DIRECTOR

3/3/2015
(Date)